

Market: OMXC Small Cap

Ticker: RBLN B

Share price (DKK): 120

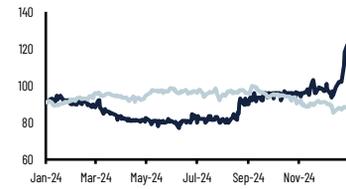
Market cap (DKK): 214.6m

Net debt (DKK): 35.9m

Enterprise value (DKK): 250.5m

¹A and B shares combined

Share information



YTD	17.6%	1 year:	31.9%
1 month:	21.8%	3 years:	-12.1%

Note: *We apply the closing price from 07 January 2025
Index rebased to January 2024. Source: S&P Capital IQ

Financials

DKKm	2022/23	2022/24	2024/25*
Revenue	245.0	245.4	210-240
Revenue growth	n/a	0%	-14% to -2%
Adj EBITDA	27.3	44.9	30-40
Adj EBITDA margin	11.1%	18.3%	14-17%
Adj EBIT	10.0	29.3	16-26
Adj EBIT margin	4.1%	11.9%	8-11%
Net Income, cont.	20.2	21.0	N/A
Net debt	14.7	19.0	N/A

Note: *Roblon's own company guidance for continuing operation 2024/25. FY 2023/24 results from discontinuing operations: revenue DKKm 102.2 (DKKm 110.0 22/23), earnings before tax DKKm -26.9 (DKKm -27.7 22/23)

Valuation multiples

	2022/23	2023/24	2024/25*
P/S (x)	0.7	0.7	0.9-1.0
EV/Sales (x)	0.8	0.8	1.0-1.2
EV/EBITDA (x)	7.1	4.2	6.3-8.3
EV/EBIT (x)	19.3	6.5	9.6-15.7
P/E (x)	8.8	8.2	N/A
P/B (x)	1.3	0.9	N/A
P/CF (x)	N/A	10.0	N/A

Note: Multiples for 2022/23 and 2023/24 reflect ongoing operations, based on historical numbers.* 2024/25e Multiples are based on Roblon's own guidance

Company description

Roblon is a Danish-based developer of high-performance fiber solutions. It manufactures and sells strength-based elements, which are supplied to cable manufacturers, primarily within the fiber optic cable (FOC), oil & gas, and energy transmission cable industries. Roblon has a dual-class share structure with its B-shares listed on Nasdaq Copenhagen. Its A-shares are owned by ES Holding Frederikshavn ApS, representing 25.1% of the total share capital and 68.8% of voting rights.

Investment case

Roblon has initiated a divestment process for its US, primarily FOC operations, to focus on its profitable European operations. The US FOC market has been challenged since Covid-19, due to customer inventory build-ups, and competition from lower-cost producers (India and China). A divestment process can return focus to the profitable European business which has better navigated challenging markets as FOC weakness has been offset by growth in composite, also benefitting from Europe's green energy transition.

Roblon's two business units, FOC and Composite, which supply strength-based elements for cables, are both supported by macro trends. Digitalization and a greater need for data transmission underpin the long-term growth outlook for fiber optic cables (8.5% CAGR 2023-2030⁽¹⁾), while near-term greater oil & gas activity levels and longer-term green energy transition drive demand within the Composite business unit. Near-term market conditions remain challenged but may find support from lower interest rates.

In 2023/24 continuing operations realised a roughly stable topline, as composite growth offset FOC weakness. However, discontinuing operations dragged, with a combined net income of DKKm -9.6, (DKKm -4.6 2022/23). Management expects divestment completion by the end of March 2025, with Roblon's share price and multiples reacting favorably to reflect greater profitability of the ongoing operations. However, Roblon still trades at lower multiples than its peers, which may narrow following a successful transaction.

*Source 1: <https://www.mordorintelligence.com/industry-reports/fiber-optic-cable-market>

Key investment reasons

Roblon is considered a leading provider of cable fiber materials for the fiber optic cable industry and thus can benefit from the macro trend of digitalization. Its Composite segment benefits from high oil and gas activity levels and from the green energy transition and, therefore, has structurally supported demand over the long term.

A divestment of Roblon USA can re-focus energies on the larger and more profitable European business, where Roblon guides for around 8-11% EBIT margin FY2024/25. The balance sheet has strengthened in 2023/24 set to further improve following the Roblon US divestment. Balance sheet strengthening and profitability in the ongoing operations could lead to valuation multiples expanding.

Falling interest rates may support improving market conditions as lower rates can facilitate greater investment spending from end-user customers in the telecoms and energy sectors.

Key investment risks

The divestment process relating to the US operations is not guaranteed and while expectations are for transaction completion by the end of March 2025 some uncertainty remains. There may be some risk of write-downs in the event of a low sale price, and less balance sheet strengthening than initially expected.

There is a risk that Roblon can face top-down pressure from its customers, squeezing margins if its larger end customers exert their greater market power. While Roblon's products are somewhat specialized, they are, to some extent, price takers, given the market structure. The dynamic above may somewhat relate to the gross margin contraction in 2022/23.

Ongoing weakness in China has led Asian suppliers to seek overseas markets, primarily in the US. If there is a shift to a more expansionary strategy lower-cost products may expand into other international markets including Europe in years to come.

Peer group

Company	Price (local)	Total return YTD	Market cap (EURm)	Latest net debt (EURm)	EV/Sales		EV/EBITDA		EV/EBIT		EBIT margin	
					FY2024	FY2025	FY2024	FY2025	FY2024	FY2025	3-yr avg	LTM
Avient Corporation	USD 39.4	-3.6%	3,470	1,442	1.7	1.6	10.1	10.1	17.3	15.2	9.5%	11.6%
Coats Group plc	GBP 0.9	-4.9%	1,723	426	1.7	1.6	8.5	7.9	11.1	9.4	15.0%	16.7%
Toray Industries, Inc.	JPY 1025.5	2.4%	9,976	5,027	1.0	0.9	9.9	8.6	21.7	16.8	4.6%	5.3%
Median		-3.6%	3,470	1,442	1.7	1.6	9.9	8.6	17.3	15.2	9.5%	11.6%
Roblon A/S	DKK 120	17.6%	29	9	0.8*	1.0*	4.2*	6.7*	6.5*	11.1*	4.9%	11.9%
Premium (+) / Discount (-) to peers					-37.2%	-54.0%	-22.0%	-57.3%	-62.4%	-26.7%		

Note: Data from 08/01/2025

Source: S&P Capital IQ

Note: No adjustments have been made for differences in fiscal calendars. Roblon's financial year: 1 November - 31 October. Market cap and EV include non-listed shares.

Estimates and assumptions: The data in the peer group concerning the peer companies has not been calculated by HC Andersen Capital but is instead consensus analyst estimates from S&P Capital IQ. HC Andersen Capital assumes no responsibility for the correctness of the numbers in the peer group; however, considers S&P Capital IQ a credible source of information. Note: *The forward earnings multiples numbers for Roblon, EV/Sales, EV/EBITDA, and EV/EBIT, have been calculated by HC Andersen Capital, assuming Roblon will recognise its guidance for 2024/25, reflecting a topline growth of approx. 6%. Given that the estimates closely track Roblon's own estimates, they rely on the assumptions outlined in Roblon's 2024/25 financial reporting regarding forward-looking statements.

Selected cable component manufacturing peers overview:

Avient Corp: was formed from the merger of PolyOne Corp and Clariant Colour in 2020. It is a US-based global manufacturer of specialised polymer materials, which include thermoplastic compounds, specialty resins, specialty polymer formulations, engineered films, and colour and additive systems. Avient Corp acquired Fiber-Line Inc, a Roblon peer, in 2019, giving it an entry to the high-performance fiber solutions market.

Coats Group Plc: is a United Kingdom-based industrial thread company. The Company's segment includes Apparel & Footwear, and Performance Materials. It provides complementary products, services and software solutions to the apparel and footwear (A&F) industries. Coats Group Plc acquired Gotex SA, a Roblon peer, in 2016, giving it an entry to the high-performance fiber solutions market.

Toray Industries, Inc: is a Japan-based global leader in advanced materials. The company operates across a wide range of sectors, including fibers & textiles, plastics & chemicals, and life sciences. Toray Industries includes a fiber business, where the company serves a range of industries with strength-based aramid fibers and carbon fiber composites. Toray industries is global and diversified across industrial and chemical products, however, its production of high-performance strength-based fibers enables some comparison to Roblon.